

EXHIBIT 1

INTRODUCTION

Respondent Jaroth Inc. is a corporation engaged in the telecommunications business. Respondent Jaroth Inc. is headquartered in San Leandro.

In 2002, during the first semi-annual campaign reporting period of January 1, 2002 through June 30, 2002, Respondent made \$11,000 in contributions, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).¹ As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file late contribution reports disclosing its late contributions within 24 hours of making them. In this case, Respondent made a late contribution prior to the March 2002 primary election, which it failed to disclose in a properly filed late contribution report, thereby committing a violation of the Act.

For the purposes of this Stipulation, Respondent’s violation is stated as follows:

Respondent Jaroth Inc. failed to disclose a \$10,000 late contribution to the Bill Simon for Governor Committee in a properly filed late contribution report, by the February 27, 2002 due date, in violation of Section 84203, subdivision (a).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission appear at California Code of Regulations, Title 2, sections 18109-18996. All regulatory references are to Title 2 of the California Code of Regulations.

Under Section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is received before an election, but after the closing date of the last pre-election statement. Under Section 84200.8, subdivision (b), for an election not held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election.

Section 84215, subdivision (a) requires all major donor committees supporting statewide elected officers to file the committee’s campaign statements with the office of the Secretary of State, the Registrar-Recorder of Los Angeles County and with the Registrar of Voters of the City and County of San Francisco.

SUMMARY OF THE FACTS

During the first semi-annual campaign reporting period of 2002, Respondent Jaroth Inc. made \$11,000 in political contributions, and thereby qualified under Section 82013, subdivision (c) of the Act as a major donor committee.

As a major donor committee, Respondent Jaroth Inc. had a duty to file late contribution reports, disclosing, within 24 hours, the late contributions that it made. The late contribution reporting period for the March 5, 2002 primary election was February 17, 2002 through March 4, 2002.

On February 26, 2002, Respondent Jaroth Inc. made a contribution of \$10,000 to the Bill Simon for Governor Committee. As the contribution was made during the late contribution reporting period prior to the March 5, 2002 primary election, Respondent was required to disclose the contribution in a late contribution report filed by February 27, 2002. Respondent failed to do so.

By failing to file a late contribution report by February 27, 2002, disclosing a \$10,000 late contribution to the Bill Simon for Governor Committee, Respondent committed a violation of Section 84203, subdivision (a).

CONCLUSION

This matter consists of one count, which carries a maximum possible administrative penalty of Five Thousand Dollars (\$5,000).

Under the Enforcement Division’s Streamlined Late Contribution Enforcement Program, the approved administrative penalty for failing to timely disclose late contributions is 15 percent of the amount of the undisclosed contributions. Although this case has been excluded from the Program, at

Respondent's request, the late contribution reporting violation in this case does not appear to be especially aggravated. Therefore, imposition of an administrative penalty approximating the standard penalty is appropriate.

The facts of this case therefore justify imposition of the agreed upon penalty of One Thousand Five Hundred Dollars (\$1,500).